INDIA · CAG REPORT NO. 6 OF 2026 · FINANCIAL AUDIT

THE GREAT ACCOUNTING SCANDAL

A citizen's guide to what India's constitutional auditor found in the Union Government's books for Financial Year 2024–25

SOURCE DOCUMENT	SIGNED BY	DATE SIGNED
CAG Report No. 6 of 2026	Comptroller & Auditor General	2 April 2026

Based entirely on official CAG findings. All figures in ₹ Crore unless stated.

FINANCIAL EXPOSÉ

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Note on Sources: Every figure, percentage, and finding in this document is drawn directly from CAG Report No. 6 of 2026 — the Report of the Comptroller and Auditor General of India on Accounts of the Union Government for the year 2024–25. The CAG is a constitutional authority under Article 148 of the Constitution of India. This document is an independent analytical summary for public understanding and political accountability.

CHAPTER ONE

India's Books: What the Government Hid

A complete financial snapshot of the Union Government in FY 2024–25. GDP growth, tax collections, where money came from — and where it went. The headline numbers look reasonable. Look closer.

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CHAPTER 1 · OVERVIEW OF UNION FINANCES · FY 2024–25

India's Books: What the Government Hid

The CAG's audit of Union Government finances for FY 2024–25 paints a picture the government will not highlight at press conferences. Here is the full story — from GDP to debt, from tax revenues to what the treasury actually spent on.

GDP GROWTH

REAL GDP GROWTH

7.10%

Nominal GDP grew 9.74%. Solid growth — the one number the government will quote.

ALARMING

DEBT REPAYMENT SHARE

62.57%

Of every ₹100 leaving the Consolidated Fund, ₹62 goes to repay old debt and interest.

FELL

SOCIAL SECTOR SPENDING

−18.73%

Health, education, housing. Largest single-year collapse in the 5-year data set.

HIDDEN

UNACCOUNTED GRANTS

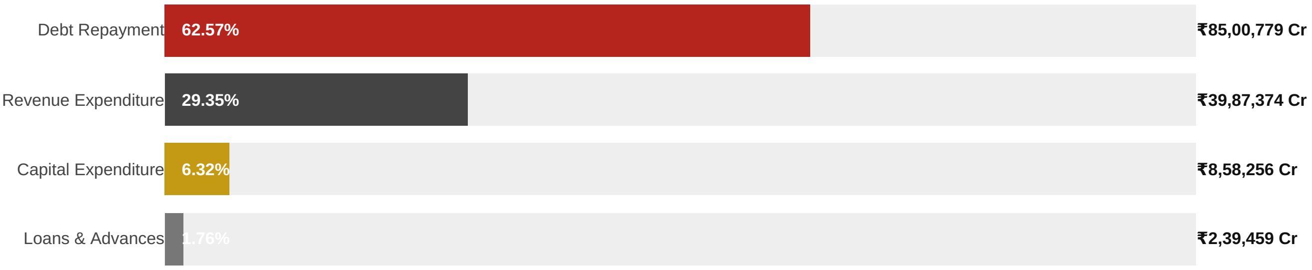
₹54,282 CR

33,973 utilisation certificates pending. Oldest: FY 1985–86. Forty years.

> *"Repayment of debt has been the biggest draw from the Consolidated Fund of India, accounting for 62.57 per cent of the total outgo during FY 2024–25."*
>
> CAG REPORT NO. 6 OF 2026 — EXECUTIVE SUMMARY

Where Every ₹100 Goes Out of the Treasury

The Union Government received total resources of ₹1,91,76,493 crore and disbursed ₹1,91,73,869 crore in FY 2024–25, leaving a closing cash balance of just ₹2,624 crore. Of all disbursements from the Consolidated Fund of India (CFI), the breakdown is stark:

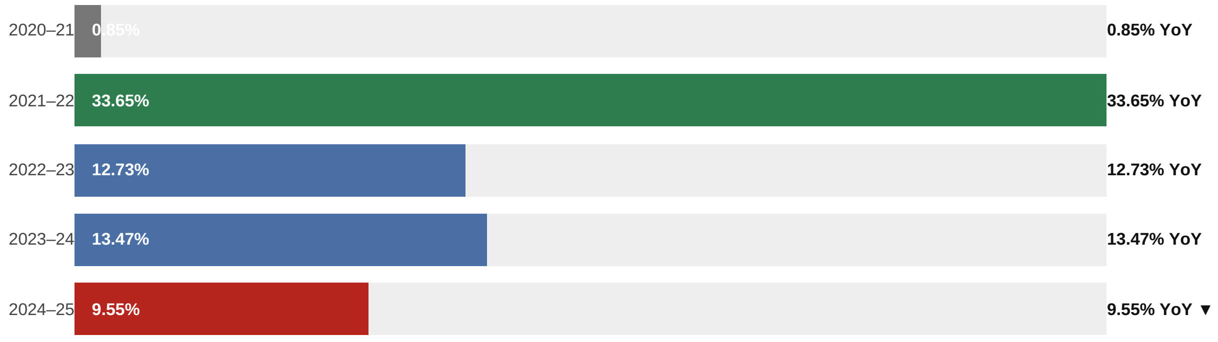


Five-Year Financial Snapshot (₹ Crore)

Indicator	2020–21	2021–22	2022–23	2023–24	2024–25
Gross Tax Revenue	20,27,104	27,09,315	30,54,192	34,65,519	**37,96,381**
Net Revenue Receipts	14,32,107	18,10,923	21,05,786	24,36,421	**25,09,496**
Total Expenditure	39,07,647	42,38,534	45,50,514	48,52,572	50,85,089
Debt Receipts	81,62,910	82,49,152	88,64,893	91,60,050	**97,91,620**
Debt Repayment	61,84,635	66,45,468	71,99,701	74,62,493	**85,00,779**
Capital Expenditure	3,42,949	5,38,140	6,24,757	8,07,180	8,58,256
Fiscal Deficit (% GDP)	**9.17%**	**6.71%**	**6.45%**	**5.64%**	**4.62%**

Tax Revenue: Slowing Down

Gross Tax Revenue growth rate decelerated to 9.55% in FY 2024–25, down from 13.47% the previous year. Income tax surged 17.02%, but Corporation Tax growth fell to just 8.31% — its lowest since FY 2021–22. GST as a percentage of GDP *declined* from 3.32% to 3.25%.



Source: CAG Report No. 6 of 2026, Figure 2.9 — Components of Tax Revenue, YoY Growth rates

CHAPTER TWO

The Debt Trap Is Already Here

India's Union Government is borrowing at a record pace. Debt repayments are consuming the treasury. The interest clock never stops — and for the first time, debt service now consumes over 71% of all Consolidated Fund disbursements.

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CHAPTER 2 · LIABILITIES, DEBT & DEFICITS

The Debt Trap Is Already Here

The numbers tell a story of a government mortgaging the future to manage the present. Debt repayment at 62.57% of CFI outgo — highest in five years. Interest payments consuming 29.2% of revenue expenditure. Here is the complete picture.

INTERNAL DEBT FY 2024–25

₹1,59 L CR

Grew 8.35% in one year. Market loans = 69.96% of total internal debt.

EXTERNAL DEBT GROWTH

+9.83%

Growing faster than internal debt for the second consecutive year.

INTEREST % REVENUE EXPENDITURE

29.20%

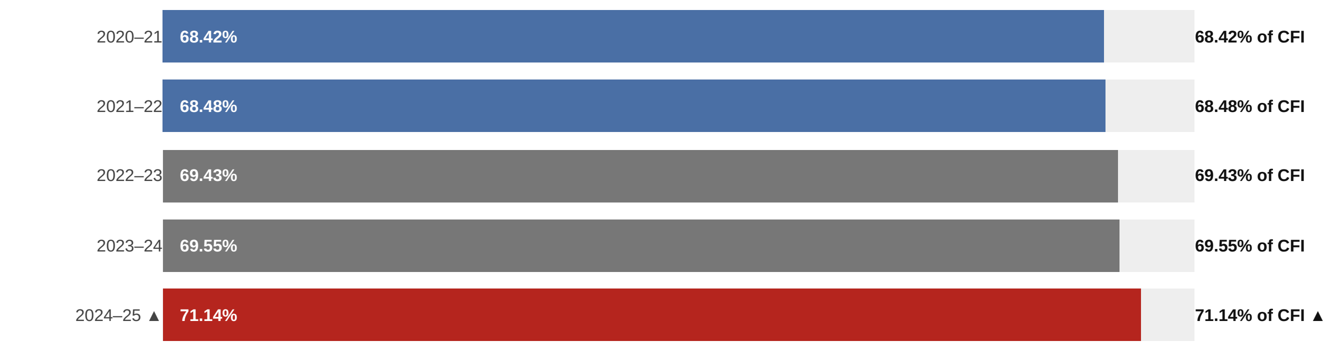
₹1 in every ₹3.40 of revenue spending goes purely to interest on debt.

T-BILL SHARE OF REPAYMENTS

87.51%

₹74.4 lakh crore of ₹85 lakh crore repayments were short-term T-Bills — dangerous rollover risk.

Debt & Interest Share in CFI Disbursements — Rising Every Year



Debt vs Development: 5-Year Comparison (₹ Lakh Crore)

Year	Debt Repayment	Capital Expenditure	Social Services	Debt vs CapEx Ratio
2020–21	61.85	3.43	1.86	18:1
2021–22	66.45	5.38	2.95	12:1
2022–23	71.99	6.25	2.43	11.5:1
2023–24	74.62	8.07	2.81	9.2:1
2024–25	**85.01**	**8.58**	**2.28**	**9.9:1**

The Debt Crisis in 5 Years — Timeline

2021

COVID Borrowing Normalised

Debt receipts at **₹81.6 lakh crore**. Repayment = 61.28% of CFI outgo. Government promises this is temporary.

2023

Debt Stabilises — But at a Dangerous Level

Debt receipts: **₹88.6 lakh crore**. Short-term T-Bills dominate. Rollover risk grows silently.

2025

⚠ Debt Repayment Hits 5-Year Peak: 62.57%

₹85 lakh crore in repayments. Internal debt grew ₹12.3 lakh crore in one year. T-Bill repayments = **₹58.4 lakh crore**. Fixed expenditure (salary + pension + interest) now = 46.07% of all revenue spending.

Source: CAG Report No. 6 of 2026, Figure 2.14 — Trend of Disbursements; Figure 2.15 — Share of debt repayment and interest payments in CFI disbursements

CHAPTER THREE

Ten Explosive Accounting Irregularities

This is not opposition allegation. This is India's own constitutional auditor, speaking under oath. Every finding below carries a CAG paragraph reference. These cannot be dismissed, denied, or deflected.

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CHAPTER 3 · QUALITY OF ACCOUNTS · CAG REPORT PARAS 3.1–3.5

Ten Explosive Accounting Irregularities

The CAG audited the quality of the Union Government's financial accounts and found systematic irregularities, misclassifications, hidden transactions, and long-unresolved anomalies. Every item below references a specific CAG paragraph.

PARA 3.2.2.6 · CAG FINDING #1

₹3,042 Crore in Pension Payments Hidden in Suspense

Pension payments owed to retired government employees were not booked in the correct final head of account. Instead they were parked in a temporary suspense account. Official reason given: "shortage of funds." Effect: Revenue expenditure is understated — government's books look healthier than they are.

₹3,042 CR

PARA 3.5 · CAG FINDING #2

₹12,754 Crore Booked Under Wrong Accounting Heads

Massive misclassification detected. ₹8,723.83 crore in expenditure was booked under incorrect object heads. ₹4,011.91 crore in receipts were mislabelled. This distorts the picture of what the government actually spent on, making Parliament unable to scrutinise actual outlays by category.

₹12,754 CR

PARA 3.2.2.2 · CAG FINDING #3

₹44,714 Crore Adverse Balance — Ministry of External Affairs

A massive adverse (negative) balance appeared in "Departmental Cheques" for the Ministry of External Affairs. Cause: an "incorrect transfer entry." This represents ₹44,714.77 crore of incorrectly accounted public money — the single largest accounting error in the report.

₹44,714 CR

PARA 3.3.1 · CAG FINDING #4

₹9,222 Crore Cess — Short-Transferred to Reserve Funds

Citizens pay cess for education, roads, health. Parliament approved the transfer of these collections to designated Reserve Funds. Yet ₹9,222 crore was short-transferred to four such funds. The money was collected from taxpayers but was not channelled to its designated purpose.

₹9,222 CR

PARA 3.1.2 · CAG FINDING #5

₹10,380 Crore — States Starved of Forest Restoration Funds

Compensatory afforestation levies — paid by companies that destroy forests — are legally required to be distributed 90:10 to states/centre for replanting. ₹10,380.36 crore is pending disbursement to states and UTs. Additionally, ₹2,192.95 crore was found sitting in bank accounts instead of the Public Account.

₹10,380 CR

PARA 3.2.2.3 · CAG FINDING #6

Suspense Account Balances Understated by 76.61%

The Government publishes only net suspense balances — hiding the gross pile of unresolved transactions. The actual Civil Suspense balance is 76.61% higher than what appears in official accounts. Private bank suspense is understated by 65.19%. This is structural opacity — not an accident.

76.61% HIDDEN

PARA 3.4.1.7 & 3.4.2 · CAG FINDING #7

₹1,164 Crore in Dividends and Guarantee Fees — Not Collected

Seven government-owned entities owed dividends totalling ₹842.82 crore to the Union. The government failed to collect this. Additionally, ₹322.13 crore in guarantee fees was not recovered from three entities. Public money that was due — simply not pursued.

₹842 CR + ₹322 CR

PARA 3.2.1 · CAG FINDING #8

56 Adverse Balances — 39 Unresolved for Over 5 Years

56 cases of adverse (negative) balances were found across various Fund and Deposit heads. Of these, 39 cases have remained unresolved for more than five years. No one has been held accountable. No explanation has been given. The accounts simply carry these errors forward, year after year.

39 CASES — 5+ YEARS

PARA 3.3.3 · CAG FINDING #9

₹9,045 Crore Dumped in "Miscellaneous" — Total Opacity

More than 50% of expenditure and receipts under several major heads were classified under catch-all "Minor Head 800 – Other" categories. ₹4,957.58 crore in spending and ₹4,087.43 crore in receipts have no specific classification — Parliament cannot scrutinise them.

₹9,045 CR — OPAQUE

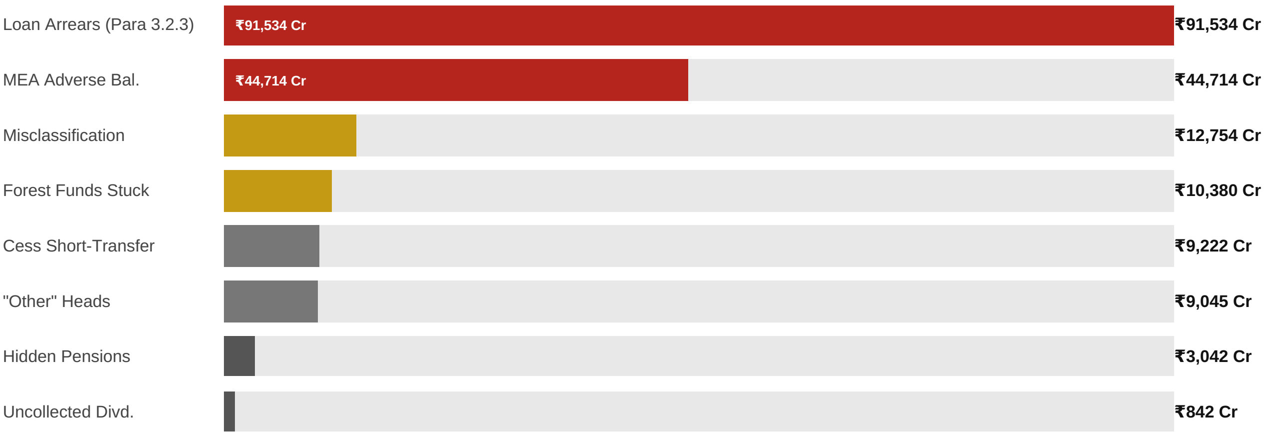
PARA 3.1.1.1–3.1.1.4 · CAG FINDING #10

Central Government Employees Insurance Fund — Systematically Mismanaged

CGEGIS (Central Govt Employees Group Insurance Scheme): payments booked at wrong level, double accounting of Railway receipt figures, mismatch between PAO records and Finance Accounts. The interest calculations on millions of employees' savings are consequently incorrect.

SYSTEMIC ERROR

Damage Meter — Scale of Each Irregularity



Source: CAG Report No. 6 of 2026, Chapter 3 — Quality of Accounts and Financial Reporting Practices

CHAPTER FOUR

The Spending Lies: Promises vs Reality

Parliament approves budgets. The government asks for money and gets it. Then — it doesn't spend it. Or spends it wrong. Or hides the savings. The CAG has caught every pattern — and the numbers are damning.

04

CHAPTER 4 · BUDGETARY MANAGEMENT · CAG CHAPTER 4

The Spending Lies: Promises vs Reality

The Union Budget is Parliament's mandate. The government presents numbers, takes political credit, and then fails to deliver. Here is what the CAG found on actual spending versus what Parliament approved.

PARLIAMENT APPROVED

₹1,47,54,642 CR

Total appropriations approved by Parliament for FY 2024–25

ACTUALLY SPENT

₹1,42,63,339 CR

Total actual expenditure — fell short of Parliament's sanction

UNSPENT

TOTAL "SAVINGS" (UNSPENT)

₹4,91,302 CR

Money approved but not used. 19 grants each had savings exceeding ₹5,000 crore.

CHRONIC

PERSISTENTLY UNSPENT GRANTS

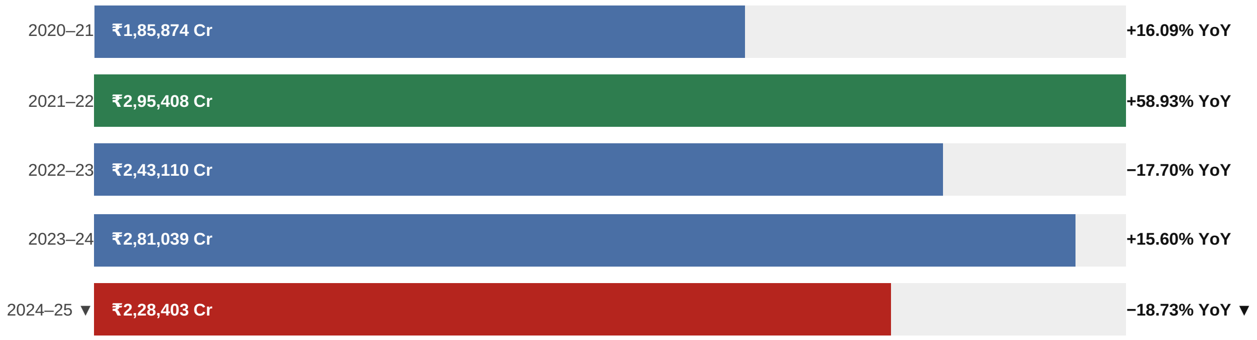
7 GRANTS

Same grants had savings for 3 consecutive years — a deliberate pattern.

> *"Parliament approved appropriations of ₹1,47,54,642.48 crore, against which Government spent ₹1,42,63,339.67 crore leading to overall savings of ₹4,91,302.81 crore."*
>
> CAG REPORT NO. 6 OF 2026 — PARA 4.1.1

Social Sector Spending — Collapse in FY 2024–25

The single most alarming finding in the expenditure data: Social Services spending — covering health, education, housing, water supply, and sanitation — fell by 18.73% in FY 2024–25. After growing 15.60% in FY 2023–24, the government slashed social spending in the year after a general election.

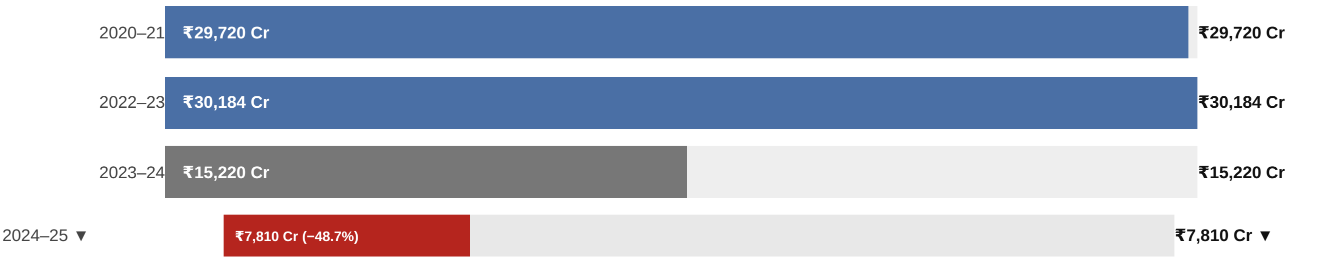


Unaccounted Grants — Ministry-Wise (₹ Crore)

33,973 Utilisation Certificates worth ₹54,282 crore remain outstanding as of 31 March 2025. A UC is the only proof that money reached its intended purpose. Without it, Parliament has no assurance the money was spent as mandated.

Ministry / Department	No. of Pending UCs	Amount (₹ Cr)	Earliest Year
Housing & Urban Affairs	1,992	**18,272.91**	1985–86
School Education & Literacy	3,530	**14,359.76**	2007–08
Health & Family Welfare	3,921	**5,232.12**	1987–88
Dept. of Pharmaceuticals	183	3,900.04	2008–09
Ministry of Tribal Affairs	495	2,486.56	2011–12
Social Justice & Empowerment	2,895	1,305.55	2007–08
Agriculture & Farmers Welfare	542	1,762.46	Upto 2023–24
Grand Total	**33,973**	**54,282.32**	**1985–86**

Disinvestment Revenue — The Privatisation Agenda Has Stalled



Source: CAG Report No. 6 of 2026, Figure 2.13 — Non-Debt Capital Receipts; Figure 2.17 — Sectoral Expenditure; Annexure 4.12 — Outstanding UCs

CHAPTER FIVE

Your Cess Money: Collected, Then Vanished

Every year, Indian taxpayers pay extra levies — cess — for specific purposes: better schools, healthier citizens, new roads. The CAG has found that this money is being collected, mis-routed, short-transferred, and allowed to sit idle in zombie funds.

05

CHAPTER 5 · CESS & SURCHARGE · RESERVE FUNDS · CAG SECTION 2.5.1.1 & 3.3

Your Cess Money: Collected, Then Vanished

₹5,29,357 crore was collected as cess and surcharge in FY 2024–25 — nearly 14% of all tax revenue. Citizens were told this was for education, health, roads. The CAG found ₹9,222 crore wasn't even transferred to the designated funds. Here is the full account.

TOTAL CESS COLLECTED

₹5,29,357 CR

Up 8.40% from last year. Equivalent to 10.25% of Gross Tax Revenue of India.

DECLINING FAST

CESS AS % OF TAX REVENUE

13.94%

Was 20.23% in FY 2020–21. Five consecutive years of decline as a share of total tax.

NOT TRANSFERRED

SHORT-TRANSFERRED TO RESERVE FUNDS

₹9,222 CR

Parliament approved this transfer. The Government did not comply. Four funds affected.

ZOMBIE

DORMANT RESERVE FUND BALANCE

₹844.93 CR

Funds that have "outlived their purpose" still holding public money — neither used nor closed.

The Cess Share Declining — 5 Year Trend

Cess Composition — FY 2024–25 (₹ Crore)

Cess Type	Amount (₹ Cr)	YoY Change	Purpose
Health & Education Cess	**1,50,570**	+18.52%	Schools, hospitals
GST Compensation Cess	**84,339**	+6.46%	Compensate states for GST losses
Agriculture Infra & Dev. Cess	44,680	−6.76%	Farming infrastructure
Road & Infrastructure Cess	17,931	−4.64%	Roads and highways
Cess on Crude Oil	75,455	–	Energy infrastructure
Surcharge	1,56,375	+18.97%	General revenue (not earmarked)
Total	**5,29,357**	**+8.40%**	

> *"Test check of records revealed short transfer of ₹9,222 crore to four designated Reserve Funds during FY 2024–25."*
>
> CAG REPORT NO. 6 OF 2026 — PARA 3.3.1

The GST Loan Accounting Manipulation

Perhaps the most complex financial manipulation in the report: During COVID, the Government borrowed ₹2,69,208 crore from the market on behalf of states to cover GST compensation shortfalls — and passed it to states as "back-to-back loans." In FY 2024–25, ₹1,23,604 crore of this was repaid — but not by states. It was paid from the GST Compensation Cess Fund. However, the accounts recorded this as "recovery from states" — inflating loan recovery figures by 47.71% and making government finances look better than reality.

Source: CAG Report No. 6 of 2026, Para 2.6.1 — Recovery of Loans and Advances; Section 2.5.1.1; Para 3.3.1 & 3.3.2

CHAPTER SIX

Opposition Toolkit: How to Frame the Govt

Eight ready-to-use talking points. Four Parliamentary Questions drafted for immediate tabling. Every claim is backed by a specific CAG paragraph number — making them impossible to deflect in Parliament or press.

06

CHAPTER 6 · POLITICAL STRATEGY · PARLIAMENTARY ACCOUNTABILITY

Opposition Toolkit: How to Frame the Government

The CAG is a constitutional authority — not a political body. Its findings cannot be dismissed as "opposition propaganda." Every talking point below carries the weight of India's supreme audit institution. Use them accordingly.

"₹62 of every ₹100 in the treasury pays off old debt. What is left for you?"

The government's own constitutional auditor reveals that debt repayment alone consumed 62.57% of all outgo from the Consolidated Fund of India in 2024–25 — the highest in five years. After paying debt, salaries, pensions and interest (which together take 71%+ of CFI), there is almost nothing left for new development. The 'Viksit Bharat' promise is being financed on borrowed time.

🔴 **CAG Para:** Figure 2.15 — "Debt repayment and interest payments accounted for 71.14% of CFI disbursements in FY 2024–25." The share has risen every year since 2020–21 (68.42%).

"You paid education cess. The government kept ₹9,222 crore of it."

Citizens pay 4% Health and Education Cess on every rupee of income tax — for schools and hospitals. Parliament passed laws requiring this to be transferred to designated Reserve Funds. The government collected the cess — then short-transferred ₹9,222 crore to four such funds. This is not error. This is diversion of purpose-specific public money.

🔴 **CAG Para 3.3.1:** "Test check of records revealed short transfer of ₹9,222 crore to four designated Reserve Funds during FY 2024–25."

"The government hid ₹3,042 crore of pension payments. Why? Shortage of funds."

Pension payments to retired government servants were diverted to temporary suspense accounts because the government had insufficient funds in the right account. The CAG's verdict: this understates revenue expenditure and distorts the fiscal deficit picture. The government made its deficit look smaller by hiding what it owed its own retirees.

🔴 **CAG Para 3.2.2.6:** "Non-booking of pension payment e-scrolls amounting to ₹3,042.32 crore under final head of account but to suspense head due to shortage of funds, resulting in understatement of revenue expenditure."

"Parliament approved the money. The government didn't spend it — for three years running."

The Union Budget is Parliament's mandate. ₹4,91,302 crore of approved spending was left unspent. Seven grants showed persistent unspent balances for three consecutive years. This is a pattern — not incompetence. Announce big budgets, claim credit, then quietly sit on the money.

🔴 **CAG Para 4.2.2.1:** "Seven Grants/Appropriations had persistent savings in last three FYs." Para 4.1.1 confirms overall savings of ₹4,91,302.81 crore.

"Grant money from 1985 is still unaccounted. 40 years of darkness."

33,973 Utilisation Certificates worth ₹54,282 crore are pending — the earliest from FY 1985–86. A UC is the only legal proof that public money reached its destination. Without UCs, there is no accountability for where the money went. Housing & Urban Affairs alone has ₹18,272 crore in pending UCs, some dating to 1985.

🔴 **CAG Para 4.5:** "33,973 UCs aggregating to ₹54,282.32 crore were outstanding... the earliest period pertains to FY 1985–86. This violated provisions of Rule 238(1) & (2) of GFR 2017."

"States were promised ₹10,380 crore for forests. Delhi kept it."

When a factory or dam destroys forest, the developer pays a Compensatory Afforestation levy. By law, 90% must go to states to replant. ₹10,380.36 crore has not reached states. ₹2,193 crore was not even entered in government books — it was sitting in bank accounts outside the Public Account of India.

> 🔴 **CAG Para 3.1.2:** "At the end of FY 2024–25, ₹10,380.36 crore was pending for disbursement to the respective States/UTs... ₹2,192.95 crore remained in bank accounts instead of being transferred to the Public Account."

"Social sector spending collapsed 18.73% the year after the election."

The government spent 15.60% more on social services in FY 2023–24 — the election year. After winning, it cut social sector spending by 18.73% in FY 2024–25. Health, education, water supply, housing — all slashed. Meanwhile, general services (running the government apparatus) grew by 7.31%.

> 🔴 **CAG Figure 2.17:** Social Services YoY Growth: +15.60% (2023–24) vs −18.73% (2024–25). General Services grew +7.31% in the same year.

"Non-tax revenue boom? Strip out the RBI gift and the story collapses."

The government claimed a 21.38% surge in non-tax revenue — a boast it used to show fiscal health. But 68.37% of all dividend income came from one exceptional source: the Reserve Bank of India surplus of ₹2.10 lakh crore — a one-time transfer that grew 141% year-on-year. Subtract this, and underlying non-tax revenue growth is marginal at best.

> 🔴 **CAG Figure 2.12:** RBI surplus profits to Govt: ₹87,416 Cr (FY 2023–24) → ₹2,10,874 Cr (FY 2024–25). One entity = 68.37% of all dividend income.

Parliamentary Questions — Ready to Table

STARRED QUESTION · FINANCE MINISTRY

"Will the Finance Minister confirm how much Health and Education Cess was collected in FY 2024–25, and explain why ₹9,222 crore was short-transferred to designated Reserve Funds as per CAG Para 3.3.1? Will the government table a reconciliation statement?"

STARRED QUESTION · FINANCE MINISTRY

"Will the Minister confirm why ₹3,042.32 crore of pension payments were parked in suspense accounts instead of being properly booked under the final head, as per CAG Para 3.2.2.6? Was this done to reduce the stated fiscal deficit in FY 2024–25?"

UNSTARRED QUESTION · FINANCE MINISTRY

"Will the government provide a ministry-wise breakdown of the 33,973 Utilisation Certificates worth ₹54,282.32 crore pending as on 31 March 2025, explain why grants from FY 1985–86 remain unaccounted, and state what action has been taken under Rule 238 of GFR 2017?"

CALLING ATTENTION · ENVIRONMENT MINISTRY

"Will the Minister draw the attention of the House to the CAG finding (Para 3.1.2) that ₹10,380.36 crore in Compensatory Afforestation funds has not been disbursed to States and UTs, and explain how this is consistent with India's climate commitments?"

All questions are based directly on CAG Report No. 6 of 2026. Para references are provided to prevent procedural objections. Questions may be tabled under Rule 32 (Starred), Rule 33 (Unstarred), or Rule 184 (Calling Attention) of the Rules of Procedure and Conduct of Business in Lok Sabha.

The Numbers the Government Does Not Want You to See

This document is a comprehensive analytical summary of CAG Report No. 6 of 2026 — the Report of the Comptroller and Auditor General of India on Accounts of the Union Government for the year 2024–25.

The CAG is a constitutional authority established under Article 148 of the Constitution of India. Its findings represent the most authoritative, independent assessment of how the government manages public money. These findings are presented in Parliament and cannot be dismissed as political opinion.

KEY NUMBERS AT A GLANCE

- 62.57% of Consolidated Fund outgo consumed by debt repayment — highest in 5 years
- ₹54,282 crore in unaccounted grants — some dating to FY 1985–86
- ₹12,754 crore misclassified in accounts — ₹8,724 crore in expenditure under wrong heads
- Social sector spending collapsed 18.73% — the year after a general election
- ₹9,222 crore cess not transferred to designated reserve funds
- ₹3,042 crore pension payments hidden in suspense accounts
- Disinvestment receipts fell 48.7% — privatisation agenda has effectively stalled

Source: CAG of India — Report No. 6 of 2026 · Signed 2 April 2026

FINANCIAL AUDIT